

Message Text

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ORIGIN ARA-10

INFO OCT-01 EUR-12 ISO-00 AEC-05 FEA-01 ACDA-05 CIAE-00

INR-05 IO-10 L-02 NSAE-00 NSC-05 RSC-01 OES-03 /060 R

DRAFTED BY ARA/BR:JSLATTERY:TR

APPROVED BY ARA/BR:AMBASSADOR CRIMMINS

ARA/BR:RIMMERMANN

OES/SCI:RSIMKINS (INFO)

----- 116343

R 062341Z C 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

AMEMBASSY BONN

C O N F I D E N T I A L STATE 268797

E.O. 11652:GDS

TAGS:TECH, ENRG, BR

SUBJ: WESINGHOUSE REACTOR SALES TO BRAZIL

1. IN MEETING MORNING OF DEC. 3 WITH AMBASSADOR CRIMMINS DURING HIS WASHINGTON CONSULTATIONS, WESTINGHOUSE REPS JONES AND BIRNBAUM REVIEWED STATUS OF WESTINGHOUSE PROPOSALS TO GOB. WESTINGHOUSE IMMEDIATE PLANS ARE TO HAVE ITS LOCAL BRAZILIAN ASSOCIATES MEET INFORMALLY WITH UEKI, SO THAT FORMAL WESTINGHOUSE PRESENTATION CAN BE AS FULLY RESPONSIVE AS POSSIBLE TO UEKI'S CONCERNS.

2. BIRNBAUM REMAINS CONVINCED THAT CENTRAL ISSUE REMAINS UEKI'S DESIRE FOR ENRICHMENT FACILITY IN BRAZIL. WESTINGHOUSE POSITION WOULD THUS BE GREATLY IMPROVED IF WESTINGHOUSE (OR PREFERABLY USG OFFICIALS) COULD CLARIFY THAT US WOULD SUPPORT ESTABLISHMENT OF ENRICHMENT FACILITY IN BRAZIL IF DONE ON REGIONAL BASIS AND WITH PROPER SAFEGUARDS. BIRNBAUM NOTED HIS PERSONAL BELIEF THAT REGIONAL ENRICHMENT/REPROCESSING FACILITIES UNDER IAEA SAFEGUARDS WERE ONLY HOPE TO PREVENT FRAGMENTED APPROACH TO SAFEGUARDS.

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AMB. RESPONDED THAT HE BELIEVED APPROACH TO UEKI REGARDING REGIONAL FACILITIES WOULD BE PREMATURE GIVEN THE FLUID STATE OF US POLICY AT THIS TIME BUT THAT HE WOULD CONFIRM THIS IN HIS CONSULTATIONS WITH AEC.

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3. GROUP ALSO REVIEWED PROPOSAL FOR UEKI VISIT TO US. IN RESPONSE TO BIRNBAUM'S QUESTION, AMBASSADOR STATED HE DID NOT REPEAT NOT BELIEVE UEKI TO BE ANTI-AMERICAN BUT RATHER VERY PRAGMATIC AND TOUGH NEGOTIATOR. AMB. REITERATED THAT EMBASSY CONTACTS SHOW UEKI IS NOT REPEAT NOT ACTING SOLELY ON BASIS OF ECONOMIC CONSIDERATIONS BUT IS ALSO RESPONDING TO CONCERNS ABOUT ARGENTINE NUCLEAR CAPABILITY.

4. AMB. NOTED THAT USG APPROACHES TO FRG INDICATE THAT NO REPEAT NO AGREEMENTS HAVE BEEN SIGNED AND NO REPEAT NO FINAL DECISIONS HAVE BEEN MADE BY GERMANS. BIRNBAUM SPECULATED THAT GERMAN MINISTRY OF SCIENCE AND TECHNOLOGY OFFICIALS WHO TRAVELLED TO BRAZIL WITH KWU, MAY WANT TO GET COMMERCIAL CONTRACT EVEN IF LATER THEY HAVE TO RENEGE ON SOME OF CONDITIONS OF SALE WHICH CONFLICT WITH OVER-ALL FRG NUCLEAR POLICIES. HE ALSO MENTIONED THAT WESTINGHOUSE HAS LEARNED THAT STEAG IS BEING FORCED INTO "SHOTGUN MARRIAGE" WITH BRAZILIANS BY FRG. BIRNBAUM AGREED WITH AMB.'S COMMENT THAT USG APPROACHES TO FRG MUST BE KEPT ON HIGH PLANE, DIRECTED TO DEVELOPING COMMON SUPPLIER POLICY ON SAFEGUARDS, AND THAT GERMANS MUST NOT REPEAT NOT BE LED TO BELIEVE THAT OUR CONCERN WITH NON-PROLIFERATION IS SIMPLY A MASK FOR US COMMERCIAL INTERESTS.

5. DURING CONVERSATION, WESTINGHOUSE REPS SEVERAL TIMES REPEATED THEIR APPRECIATION FOR EMBASSY'S ASSISTANCE. THEY AGREED WITH AMB. ON IMPORTANCE OF KEEPING IN CLOSE TOUCH WITH CHARGE ABOUT FUTURE DEVELOPMENTS. KISSINGER

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, NUCLEAR POWER PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE268797
Document Source: CORE
Document Unique ID: 00
Drafter: JSLATTERY:TR
Enclosure: n/a
Executive Order: GS
Errors: n/a
Film Number: D740356-0086
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741271/aaaahgix.tel
Line Count: 98
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2002 by shawdg>; APPROVED <28 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971110
Subject: WESINGHOUSE REACTOR SALES TO BRAZIL
TAGS: EIND, ENRG, OVIP, BR, GE, US, TECH, WESTINGHOUSE, (UEKI)
To: BRASILIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005